

OIL and GAS LEASE

THIS AGREEMENT made and entered into this the 30th day of MAY, 2008, by and between **JOSEPH A. DeMUZIO, Jr.** hereinafter called Lessor (whether one or more), and **AMERICA FIRST ENTERPRISES, LLP**, 1768 N. Main St. Ext., Suite 4, Butler, Pa 16001, hereinafter called Lessee,

WITNESSETH, that said Lessor, in consideration of the sum of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, and of the covenants hereinafter contained on the part of said Lessee, to be paid, and kept and performed, has granted, demised, leased and let, exclusively unto Lessee, with covenants of general warranty, for the purpose and with the right of drilling, producing, removing of oil and gas and all the constituents thereof, and otherwise operating for oil and gas, and of laying pipelines and building tanks, roads, stations, and electric power lines, houses for valves, meters regulators and other appliances, with all other rights and privileges necessary, incident to or convenient for the operation of this land alone and conjointly with neighboring lands, all that certain tract of land situated in the Township of Chippewa, County of Beaver,

Commonwealth of Pennsylvania, and bounded substantially as follows:

On the North by lands of

On the East by lands of

On the South by lands of

On the West by lands of



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AMERICA FIRST ENTERPRISES 1768 N. Main St. Ext., Suite 4, Butler, Pa 16001

and containing, for the purpose of calculating rentals, 60.92 acres of land whether actually containing more or less; and part or all said land is described as the following Tax Map parcel: 57-005-0247.004 and in DEEDBOOK VOLUME 3209, PAGE 559.

1. It is agreed that this lease shall remain in force for a primary term of FIVE (5) years from the date hereof and as long thereafter as Lessee operates the said land in the production of oil and gas.

2. (a) Lessee covenants and agrees to deliver to the credit of Lessor, his heirs or assigns, free of costs, in the pipe line to which said Lessee may connect its wells, a royalty of one-eighth (1/8) of native oil produced and saved from the leased premises.

(b) Lessee covenants and agrees to pay Lessor as a royalty for the native gas from each and every well drilled on said premises producing native gas, an amount equal to one-eighth (1/8) of the gross proceeds received from the sale of same at the prevailing price for gas sold at the well, for all native gas saved and marketed for the said premises, payable monthly.

3. Lessee agrees to pay to the Lessor the sum of SEVEN THOUSAND EIGHT HUNDRED SIXTY AND 00/100 DOLLARS, (\$7,860.00) commencing Ninety (90) days from the date hereof as a rental for FIVE (5) years such commencement is delayed, subject however to the right of cancellation hereinafter granted to Lessee, and it is understood and agreed that the rental as hereinbefore provided for is the chief consideration accruing under this provision of this lease during the remainder of the term hereof. In the event of completion of an unproductive well, as determined by the Lessee, on the premises the Lessee shall be under no obligation to make delay rental payments for a period of one year following the completion of such well. At the expiration of the original term, Lessee may continue to hold this lease for an additional term of FIVE (5) years upon the payment of ELEVEN THOUSAND SEVEN HUNDRED EIGHTY EIGHT AND 00/100, (\$11,788.00) IN ADDITIONAL DELAYED RENTAL. THIS IS A PAID UP LEASE FOR THE INITIAL FIVE YEAR TERM.

4. All payments under this lease shall be made by check to the order of Lessor and mailed to 119 Bent Birch Lane, Beaver Falls, Pa 15010, until the Lessee shall have written notice from the Lessor, its heirs or assigns, accompanied by original or certified copies of deeds or other documents as Lessee may require evidencing such change of ownership directing payments to be made otherwise, and any payments made as above until such direction, and thereafter in accordance with such direction shall absolve the Lessee from any liability to any heir or assign of the Lessor. All payments or royalty are to be made according to Lessor's respective interest therein, as hereafter set forth, and this lease shall not be forfeited for Lessee's failure to pay any rentals or royalties until Lessee has received written notice by registered mail of such default and shall fail, for a period of thirty (30) days after receipt of such notice to pay same.

later become due, under the terms of this lease. This privilege is granted upon condition that the Lessor shall use said gas in safe and proper pipes and appliances and shall subscribe to and be bound by the reasonable rules and regulation of the Lessee.

6. In addition to the covenants of general warranty hereinabove contained, Lessor further covenants and agrees, that if Lessor's title to the leased premises shall come into dispute or litigation, or if, in the judgment of Lessees, there are a bona fide adverse claims to the rentals or royalties hereinabove provided for, the Lessee, at its option, may withhold the payment of said rentals or royalties until final adjudication or other settlement of such dispute, litigation, claim or claims; and that Lessee, at its option, may pay and discharge any taxes, mortgages, or other lien or liens, existing, levied, assessed or which may hereafter come into existence or be levied or assessed on or against the leased premises, and, in the event it exercises such option, Lessee shall be subrogated to the lien and any and all rights of any holder or holders thereof, and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien or liens, any rental or royalty accruing hereunder.

Lessee agrees to indemnify and hold Lessor harmless from any and all liability resulting from Lessee's operation on Lessor's Property.

7. If when drilling or other operations hereunder are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, weather, war, rebellion, insurrection, riot, strike, differences with workmen, failure of subcontractors, or failure of carriers to transport or furnish facilities for transportation, or as a result of some order, rule, regulation, requisition or necessity of the government, or any other recognized force majeure, or as the result of any other cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rule and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

8. Lessee shall have the right at any time during the term of this lease or after the expiration or termination thereof to remove all machinery, fixtures, pipelines, meters, well equipment, houses, buildings, and other structures which Lessee has placed or caused to be placed on said premises, including the right to pull and remove all casing and tubing.

9. If the Lessee shall begin operations for the commencement of a well during the terms of this lease or any extension thereof, the Lessee shall then have the right to complete the drilling of such wells, and if oil or gas or either of them be found in paying quantities, this lease shall continue and be in force and with like effect as if such well had been completed within the term first herein mentioned.

10. Lessee shall have the right to assign this lease or any interest therein and the assignee of Lessee shall have corresponding rights, privileges, and obligations with respect to said royalties and rentals as to the acreage assigned to it.

11. Lessee shall upon completion of the first productive well upon said premises make a diligent effort to obtain a pipeline connection but any delay shall not be counted against the Lessee provided Lessee shall resume delay rental payments for quarterly periods, beginning one year from the date that the first productive well shall be completed until first well shall be connected to a pipeline.

12. Lessee may, at any time during the term hereof, cancel and surrender this lease, and be relieved of any and all obligations, payments and liabilities thereafter to accrue as to the leased premises, by the mailing of a notice of such surrender, and a check covering all rentals, if any, due up to the date of such cancellation or surrender.

13. It is agreed that said Lessee may drill or not drill on said land as it may elect, and the consideration and rentals paid and to be paid hereunder constitute adequate compensation for such privilege.

14. It is agreed that said Lessee shall have the privilege of using free of charge sufficient water, oil and gas from the said premises to run all machinery necessary for drilling and operation thereon, and at any time to remove all machinery and fixtures placed on said premises. Lessee shall have the right to use stone and rock from the said premises necessary for drilling and operations thereon.

15. No well shall be drilled by Lessee within 200 feet of the dwelling house or barn now on said premises, except by consent of Lessor.

19. Lessee, in its sole discretion, may plug and abandon any well which it has drilled on the leased premises.

20. Lessee shall be entitled during the term of this lease to lay and maintain pipelines on and across Lessor's premises to transport, without any fee payable therefor to Lessor, natural gas produced on the said tract of land and/or on other lands whether or not adjacent to the tract of land described herein.

Beyond the term of this lease, Lessee shall not be entitled to lay and maintain additional pipelines across Lessor's premises without specific written consent of Lessor, however any pipelines laid during the term of this lease shall continue to be operative at the Lessee's option without any fee payable to Lessor.

21. Lessee shall sell the production of the well on such terms and conditions as Lessee, in its sole discretion may deem appropriate. Lessee shall have no duty to obtain production sales terms which maximize the royalties payable to Lessor hereunder.

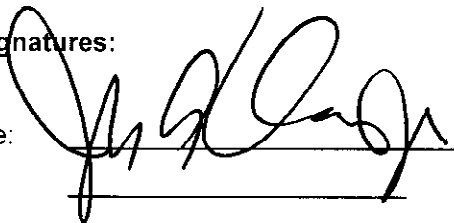
22. Lessor reserves the right of first refusal, to purchase well(s) from Lessee. Prior to plugging or abandoning any well on Lessor's Property by Lessee, Lessee shall provide Lessor with thirty (30) days advance notice of intent to plug or abandon said well or wells. Lessor shall have the right to purchase said well(s) during the thirty (30) days for the sum of ONE DOLLAR (\$1.00) and by entering into agreement with Lessee and the appropriate governmental agencies with regard to permitting and bonding, shall release Lessee from liability/ownership considerations.

Other Provisions:

All the terms, conditions, limitations and covenants herein contained shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns, but no representations other than those herein contained shall be binding on either party.

IN WITNESS WHEREOF, the parties to this agreement have hereunto set their hands and seals the day and year first above written.

Lessor Signatures:

Sign Name:  (Seal)

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Beaver

This Document Recorded
07/11/2008 State RTT: 0.00
02:47PM Local RTT: 0.00
Instrument: LEAS Beaver County, Recorder of Deeds

Instr #: 3327284
Receipt #: 499023
Rec Fee: 18.50

On this, the 30th day of May, 2008, before me, the undersigned officer, personally appeared Joseph A. Demuzio, Jr., satisfactorily proven to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280603
HARRISBURG PA 17128-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY

State Tax Paid

Book Number

Page Number

Date Recorded

3327284

7/11/08

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

A. CORRESPONDENT - All inquiries may be directed to the following person:

Name

Telephone Number:

Street Address

City

State

Zip Code

B. TRANSFER DATA

Date of Acceptance of Document

Grantor(s)/Lessor(s)

Grantee(s)/Lessee(s)

Street Address

Street Address

City

State

Zip Code

City

State

Zip Code

C. PROPERTY LOCATION

Street Address

City, Township, Borough

County

School District

Tax Parcel Number

D. VALUATION DATA

1. Actual Cash Consideration

2. Other Consideration

3. Total Consideration

+

=

4. County Assessed Value

5. Common Level Ratio Factor

6. Fair Market Value

X

=

E. EXEMPTION DATA

1a. Amount of Exemption Claimed

1b. Percentage of Interest Conveyed

2. Check Appropriate Box Below for Exemption Claimed

- ☐ Will or intestate succession
- ☐ Transfer to Industrial Development Agency.
- ☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- ☐ Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)
- ☐ Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- ☐ Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number _____, Page Number _____.
- ☐ Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)
- ☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- ☒ Other (Please explain exemption claimed, if other than listed above.)

Oil & Gas Lease



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(Name) AMERICA FIRST ENTERPRI LEAS 18.50 Beaver County

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party

Date

7/11/08

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.